

working with Senators SNOWE and STABENOW to look at creative financing mechanisms to help doctors and hospitals go on line.

Mr. FRIST. Mr. President, in closing our comments on this bill, I also thank my staff who have been shepherding this for me for the last 3 years, Liz Hall, Jennifer Romans, and many others. The real significance is that patient care will be improved. It will get the waste and abuse out of the system. It makes the health care system more efficient. I am excited about it. Having interoperable standards that people begin to agree with means you will have an influx of private capital which will help with the spreading of this information technology infrastructure over time.

#### TERRORISM RISK INSURANCE EXTENSION ACT OF 2005

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 287, S. 467.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 467) to extend the applicability of the Terrorism Risk Insurance Act of 2002.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs with an amendment, as follows:

(Strike the part shown in black brackets and insert the part shown in italic.)

S. 467

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### **[SECTION 1. SHORT TITLE.]**

[This Act may be cited as the "Terrorism Risk Insurance Extension Act of 2005".]

#### **[SEC. 2. EXTENSION OF TERRORISM RISK INSURANCE PROGRAM.]**

[(a) EXTENSION OF PROGRAM YEARS.—Section 108(a) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2336) is amended by striking "2005" and inserting "2007".]

[(b) CONTINUING AUTHORITY OF THE SECRETARY.—Section 108(b) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2336) is amended by striking "arising out of" and all that follows through "this title".]

#### **[SEC. 3. CONFORMING AMENDMENTS.]**

[(a) DEFINITIONS.—

[(1) PROGRAM YEARS.—Section 102(11) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2326) is amended by adding at the end the following:

"[(E) PROGRAM YEAR 4.—The term 'Program Year 4' means the period beginning on January 1, 2006 and ending on December 31, 2006.

"[(F) PROGRAM YEAR 5.—The term 'Program Year 5' means the period beginning on January 1, 2007 and ending on December 31, 2007.

"[(G) OTHER PROGRAM YEARS.—Except when used as provided in subparagraphs (B) through (F), the term 'Program Year' means, as the context requires, any of Program Year 1, Program Year 2, Program Year 3, Program Year 4, or Program Year 5.".]

[(2) INSURED LOSSES.—Section 102(5) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2324) is amended—

[(A) by inserting "on or before December 31, 2007, as required by this title," before "if such loss";

[(B) by striking "(A) occurs within" and inserting the following:

"[(A) occurs on or before the earlier of the expiration date of the insurance policy or December 31, 2008; and

"[(B) occurs—

"[(i) within"; and

[(C) by striking "occurs to an air carrier" and inserting the following:

"[(di) to an air carrier".]

[(3) CONFORMING AMENDMENTS.—Section 102 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2323) is amended—

[(A) in paragraph (1)(A)(iii)(I), by striking "(5)(B)" and inserting "(5)(B)(ii)"; and

[(B) in paragraph (4), by striking "subparagraphs (A) and (B)" and inserting "subparagraph (B)".]

[(b) APPLICABLE INSURER DEDUCTIBLES.—Section 102(7) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2325) is amended—

[(1) in subparagraph (D)—

[(A) by inserting "and each Program Year thereafter" before ", the value"; and

[(B) by striking "preceding Program Year 3" and inserting "preceding that Program Year"; and

[(2) in subparagraph (E), by striking "for the Transition" and all that follows through "Program Year 3" and inserting the following: "for the Transition Period or any Program Year".]

[(c) CONTINUATION OF MANDATORY AVAILABILITY.—Section 103(c)(1) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2327) is amended—

[(1) by striking "last day of Program Year 2" and inserting "termination date established under section 108(a)"; and

[(2) by striking the paragraph heading and inserting "IN GENERAL.—".]

[(d) DURATION OF POLICIES.—Section 103(c) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2327) is amended—

[(1) by redesignating paragraph (2) as paragraph (3); and

[(2) by inserting after paragraph (1) the following:

"[(2) MANDATORY DURATION.—Coverage for insured losses required by paragraph (1) under a policy issued at any time during Program Year 5 shall remain in effect for not less than 1 year following the date of issuance of the policy, except that no loss occurring after the earlier of the expiration date of the subject insurance policy or December 31, 2008, shall be considered to be an insured loss for purposes of this title.".]

[(e) INSURED LOSS SHARED COMPENSATION.—Section 103(e) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended—

[(1) in paragraph (2)(A), by striking "ending on" and all that follows through "Program Year 3" and inserting "ending on the termination date established under section 108(a)"; and

[(2) in paragraph (3), by striking "ending on" and all that follows through "Program Year 3" and inserting "ending on the termination date established under section 108(a)".]

[(f) AGGREGATE RETENTION AMOUNT.—Section 103(e)(6) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended—

[(1) in subparagraph (B), by striking "and" at the end;

[(2) in subparagraph (C), by striking the period at the end and inserting a semicolon; and

[(3) by adding at the end the following:

"[(D) for Program Year 4, the lesser of—

"[(i) \$17,500,000,000; and

"[(ii) the aggregate amount, for all insurers, of insured losses during such Program Year; and

"[(E) for Program Year 5, the lesser of—

"[(i) \$20,000,000,000; and

"[(ii) the aggregate amount, for all insurers, of insured losses during such Program Year.".]

#### **[SEC. 4. COVERAGE OF GROUP LIFE INSURANCE.]**

[Section 103 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2327) is amended by striking subsection (h) and inserting the following:

[(h) APPLICABILITY TO GROUP LIFE INSURANCE.—

[(1) IN GENERAL.—The Secretary shall, by rule, apply the provisions of this title to providers of group life insurance, in the manner determined appropriate by the Secretary, consistent with the purposes of this title.

[(2) CONSISTENT APPLICATION.—The rules of the Secretary under this subsection shall, to the extent practicable, apply the provisions of this title to providers of group life insurance in a similar manner as those provisions apply to an insurer otherwise under this title.

[(3) CONSIDERATIONS.—In determining the applicability of this title to providers of group life insurance, and the manner of such application, the Secretary shall consider the overall group life insurance market size, and shall consider the establishment of separate retention amounts for such providers.

[(4) RULEMAKING REQUIRED.—Not later than 90 days after the date of enactment of the Terrorism Risk Insurance Extension Act of 2005, the Secretary shall issue final regulations to carry out this subsection.

[(5) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to affect or otherwise alter the applicability of this title to any insurer, as defined in section 102.

[(6) DEFINITION.—As used in this subsection, the term "group life insurance" means an insurance contract that provides term life insurance coverage, accidental death coverage, or a combination thereof, for a number of persons under a single contract, on the basis of a group selection of risks.".]

#### **[SEC. 5. RECOMMENDATIONS FOR LONG-TERM SOLUTIONS.]**

[Section 108 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note, 116 Stat. 2328) is amended by adding at the end the following:

[(e) RECOMMENDATIONS FOR LONG-TERM SOLUTIONS.—The Presidential Working Group on Financial Markets shall, in consultation with the NAIC, representatives of the insurance industry, and representatives of policy holders, not later than June 30, 2006, submit a report to Congress containing recommendations for legislation to address the long-term availability and affordability of insurance for terrorism risk.".]

#### **SECTION 1. SHORT TITLE.**

*This Act may be cited as the "Terrorism Risk Insurance Extension Act of 2005".*

#### **SEC. 2. EXTENSION OF TERRORISM RISK INSURANCE PROGRAM.**

(a) PROGRAM EXTENSION.—Section 108(a) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2336) is amended by striking "2005" and inserting "2007".

(b) MANDATORY AVAILABILITY.—Section 103(c) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2327) is amended—

(1) by striking paragraph (2);

(2) by striking "AVAILABILITY.—" and all that follows through "each entity" and inserting

"AVAILABILITY.—During each Program Year, each entity"; and

(3) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and moving the margins 2 ems to the left.

### SEC. 3. AMENDMENTS TO DEFINED TERMS.

(a) COVERED ACTS OF TERRORISM.—Section 102(1)(B)(ii) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2324) is amended by inserting before the period " , with respect to an act occurring before Program Year 4, \$50,000,000 with respect to an act occurring in Program Year 4, or \$100,000,000 with respect to an act occurring in Program Year 5".

(b) PROGRAM YEARS.—Section 102(11) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is amended by adding at the end the following:

"(E) PROGRAM YEAR 4.—The term 'Program Year 4' means the period beginning on January 1, 2006 and ending on December 31, 2006.

"(F) PROGRAM YEAR 5.—The term 'Program Year 5' means the period beginning on January 1, 2007 and ending on December 31, 2007."

(c) EXCLUSIONS FROM COVERED LINES.—

(1) IN GENERAL.—Section 102(12)(B) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is amended—

(A) in clause (vi), by striking "or" at the end;

(B) in clause (vii), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(viii) commercial automobile insurance;

"(ix) burglary and theft insurance;

"(x) surety insurance; and

"(xi) professional liability insurance; or

"(xii) farm owners multiple peril insurance."

(2) CONFORMING AMENDMENTS.—Section 102(12)(A) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is amended—

(A) by striking " , and surety insurance"; and

(B) by striking " , worker's" and inserting "and worker's".

(d) INSURER DEDUCTIBLES.—Section 102(7) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2325) is amended—

(1) in subparagraph (D), by striking "and" at the end;

(2) by redesignating subparagraph (E) as subparagraph (G);

(3) by inserting after subparagraph (D), the following:

"(E) for Program Year 4, the value of an insurer's direct earned premiums over the calendar year immediately preceding Program Year 4, multiplied by 17.5 percent;

"(F) for Program Year 5, the value of an insurer's direct earned premiums over the calendar year immediately preceding Program Year 5, multiplied by 20 percent; and"; and

(4) in subparagraph (G), as so redesignated, by striking "through (D)" and all that follows through "Year 3" and inserting the following: "through (F), for the Transition Period or any Program Year".

### SEC. 4. INSURED LOSS SHARED COMPENSATION.

Section 103(e) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2328) is amended—

(1) in paragraph (1)—

(A) by inserting "through Program Year 4" before "shall be equal"; and

(B) by inserting " , and during Program Year 5 shall be equal to 85 percent," after "90 percent"; and

(2) in each of paragraphs (2) and (3), by striking "Program Year 2 or Program Year 3" each place that term appears and inserting "any of Program Years 2 through 5".

### SEC. 5. AGGREGATE RETENTION AMOUNTS AND RECOUPMENT OF FEDERAL SHARE.

(a) AGGREGATE RETENTION AMOUNTS.—Section 103(e)(6) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2329) is amended—

(1) in subparagraph (B), by striking "and" at the end;

(2) in subparagraph (C), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(D) for Program Year 4, the lesser of—

"(i) \$17,500,000,000; and

"(ii) the aggregate amount, for all insurers, of insured losses during such Program Year; and

"(E) for Program Year 5, the lesser of—

"(i) \$20,000,000,000; and

"(ii) the aggregate amount, for all insurers, of insured losses during such Program Year."

(b) RECOUPMENT OF FEDERAL SHARE.—Section 103(e)(7) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2329) is amended—

(1) in subparagraph (A), by striking " , (B), and (C)" and inserting "through (E)"; and

(2) in each of subparagraphs (B) and (C), by striking "subparagraph (A), (B), or (C)" each place that term appears and inserting "any of subparagraphs (A) through (E)".

### SEC. 6. LITIGATION MANAGEMENT.

Section 107(a) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2335) is amended by adding at the end the following:

"(6) AUTHORITY OF THE SECRETARY.—Procedures and requirements established by the Secretary under section 50.82 of part 50 of title 31 of the Code of Federal Regulations (as in effect on the date of issuance of that section in final form) shall apply to any cause of action described in paragraph (1) of this subsection."

### SEC. 7. ANALYSIS AND REPORT ON TERRORISM RISK COVERAGE CONDITIONS AND SOLUTIONS.

Section 108 of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2336) is amended by adding at the end the following:

"(e) ANALYSIS OF MARKET CONDITIONS FOR TERRORISM RISK INSURANCE.—

"(1) IN GENERAL.—The President's Working Group on Financial Markets, in consultation with the National Association of Insurance Commissioners, representatives of the insurance industry, representatives of the securities industry, and representatives of policy holders, shall perform an analysis regarding the long-term availability and affordability of insurance for terrorism risk, including—

"(A) group life coverage; and

"(B) coverage for chemical, nuclear, biological, and radiological events.

"(2) REPORT.—Not later than September 30, 2006, the President's Working Group on Financial Markets shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on its findings pursuant to the analysis conducted under subsection (a)."

Mr. SHELBY. Mr. President, I rise today in support of S. 467, the Terrorism Risk Insurance Extension Act of 2005, introduced by my colleagues on the Banking Committee, Senators DODD and BENNETT and reported out unanimously by the Banking Committee.

In the wake of the events of September 11, Congress passed the Terrorism Risk Insurance Act, also known as "TRIA." The law was intended to ensure the continued availability and affordability of property and casualty insurance for terrorism risk, and to provide for a transitional period to allow private markets to stabilize.

At this point in time, it seems that this program has largely achieved both of its stated objectives. Over the last 3 years, the property and casualty insurance market has rebounded and is now far more profitable and competitive. Indeed, despite the enormous losses in-

curred as a result of the hurricanes, insurer capital has grown tremendously and now greatly exceeds pre-September 11 levels.

While the private insurance markets have made tremendous strides during the course of the TRIA program, however, the private insurance marketplace has not yet entirely stabilized.

As a result, without some form of backstop, it is very likely that there would be gaps in some terrorism insurance coverage.

S. 467 extends the TRIA program and addresses this market dysfunction. Additionally and importantly, it also recognizes the positive developments in the insurance markets and contains reforms to the original law intended to require more private sector responsibility and to facilitate further recovery in the insurance markets. It strikes the proper balance between ensuring that terrorism insurance remains available and affordable, while also protecting the American taxpayer.

I note that I did not support enactment of TRIA when it was first considered 4 years ago. My reservations were based on concerns about the Government intruding into private markets. While my concerns are not entirely diminished, I believe that the Banking Committee has produced a responsible, targeted product that will help the marketplace smoothly transition to efficient function.

This bill, this bipartisan compromise package, could never have been achieved without the cooperation and commitment of the members of the Banking Committee. Specifically, I commend Senators DODD and BENNETT, the original cosponsors of this bill, for their leadership, their effort and their willingness to work together. I also thank Senator SARBANES, who, in his usual manner, was extremely helpful to achieving this result.

Additionally, I thank the various staffers whose hard work behind the scenes helped get this bill done. Particularly, I want to commend the efforts of Alex Sternhell from Senator DODD's staff, Sarah Kline and Steve Harris from Senator SARBANES's staff, Mike Nielsen from Senator BENNETT's staff, and Jim Johnson, Andrew Olmem, Mark Oesterle and Kathy Casey from my staff.

Mr. SARBANES. Mr. President, I join my colleagues in support of the Terrorism Risk Insurance Extension Act of 2005. Three years ago, we passed the Terrorism Risk Insurance Act to stabilize the insurance marketplace after the shock of the September 11 attacks. TRIA, as that Act became known, established a partnership between the insurance industry and the Federal Government to share the risk of significant losses from terrorism. TRIA is scheduled to expire at the end of this year. The bill that is now pending before the Senate would extend TRIA for an additional 2 years while requiring the insurance industry to take on progressively more of the terrorism risk.

This bill is the product of a great deal of effort by the Banking Committee to accommodate the widely differing views of many members on the structure of a TRIA extension. I thank the chairman of the Committee, Senator SHELBY, for his willingness to reach across the aisle in developing this bill. Under his skillful guidance, we have been able to develop a product that has won unanimous support in the Banking Committee. I also want to recognize Senator DODD for his dedication to this issue. He was instrumental in 2002 in the development and passage of the original TRIA legislation, and he has been a strong and effective leader this year as well.

The original TRIA was designed to address the adverse impact on the terrorism insurance marketplace of the sudden lack of terrorism reinsurance after the September 11 attacks. Reinsurance is a mechanism by which insurance companies spread their own risks, allowing them to write more policies. Without it, insurers' capacity to offer coverage for losses due to terrorism shrank considerably. By all accounts, the Federal backstop provided by TRIA achieved its goal of making terrorism insurance coverage available and affordable once again. The Treasury Department reported this summer, "TRIA was effective in terms of the purposes it was designed to achieve. TRIA provided a transitional period during which insurers had enhanced financial capacity to write terrorism risk insurance coverage. . . . More generally, TRIA provided an adjustment period allowing both insurers and policyholders to adjust to the post-September 11th view of terrorism risk."

As discussions began over a possible extension of TRIA, it became clear that there are serious disagreements as to what would be the most efficient, effective, and equitable way to assure the continued availability of terrorism insurance. A number of studies have concluded that the reinsurance market has not rebounded to any great extent since the attacks of 2001. These studies conclude that if the backstop provided by the Federal Government does not continue, insurers will write fewer terrorism policies or charge much higher prices for them, creating a drag on our nation's economy and leaving companies uninsured against a terrorist attack. On the other hand, the administration and others argue that the insurance industry is now better prepared to handle the risk of terrorism than it was three years ago, and that any extension of TRIA should therefore be significantly narrower than the current program to avoid crowding out additional private sector activity.

These are issues that deserve careful analysis, which is why this extension bill contains a requirement for a study by the President's Working Group on Financial Markets on the long-term availability and affordability of terrorism risk insurance. I hope that this requirement will result in a thorough

examination of the issues which will help us answer the question of how to insure against terrorism over the longterm.

To allow time for that examination to take place, the pending legislation continues the TRIA program for two additional years, with certain modifications, which I will briefly summarize.

This bill narrows the scope of the TRIA program, further targeting the program toward the types of terrorism insurance that are the most difficult to provide. Under the terms of the extension, the Federal backstop will no longer be available for insurance policies covering commercial automobiles, professional liability, burglary and theft, farmowners' multiple peril, and surety.

Just as the original TRIA did, this extension places more of the risk on the insurance industry, and correspondingly less on the federal government, in each year. For example, in 2005, under the current program, the amount of terrorism losses that an insurer must cover before Federal assistance becomes available is 15 percent of the premiums collected by that insurer in lines covered by the TRIA program. Under this extension, this "insurance company deductible" will rise to 17.5 percent of premiums in 2006, and 20 percent of premiums in 2007. Moreover, the amount that insurers must pay above their deductible also increases, rising from 10 percent of losses in 2006, to 15 percent of losses in 2007.

In addition to the individual insurance companies' deductible, the insurance industry as a whole must cover a certain amount of losses before federal assistance becomes available. In 2005, the last year of the current TRIA program, that amount is \$15 billion. Under this legislation, that will rise to \$17.5 billion in 2006, and \$20 billion in 2007.

Also, starting in 2006, no Federal assistance will be available at all under the program for a terrorist attack in which total losses do not exceed \$50 million, a level which rises to \$100 million in 2007.

Finally, I want to emphasize that the extension retains a critically important piece of the current TRIA program: the requirement that insurers make terrorism coverage available to policyholders in all of the lines covered by TRIA.

These provisions follow the framework of the existing TRIA program, keeping the Federal backstop in place so that insurers will continue writing terrorism policies, while placing progressively more of the costs onto the industry itself. I want to take just a moment to acknowledge the hard work that the staff has put into this bill, particularly Sarah Kline from my Banking Committee staff, Alex Sternhell with Senator DODD, Kathy Casey and Mark Oesterle with Chairman SHELBY, and Mike Nielson with Senator BENNETT. As with any compromise product, no one would say that

the legislation is perfect. But it is a serious effort to address the concerns we have heard raised regarding TRIA and the potential effects of its expiration, and I urge my colleagues to join me in supporting it.

Mr. REID. Mr. President, yesterday the Senate Banking Committee reported the Terrorism Risk Insurance Extension Act of 2005, and I look forward to the full Senate passing this legislation that is so vital to the economic well-being of this country.

In 2002 I cosponsored, and Congress passed, the Terrorism Risk Insurance Act, commonly referred to as TRIA. This important legislation provided a Government backstop for the terrorism insurance market that disappeared after the attacks of September 11.

The primary purpose behind TRIA, and the reason it needs to be extended, is to make sure that the American economy and markets function in the face of a terrorist threat. September 11 proved that there needs to be a mechanism in place to allow the economy to rebound more quickly and to protect American jobs in the unfortunate event of another terrorist attack here in the United States. Since it became law, TRIA has proven to be an effective program that has made terrorism risk insurance available and provided businesses meaningful access to coverage in a post-9/11 world.

TRIA is a temporary program set to expire at the end of this year, which created significant uncertainty in the terrorism insurance market and threatened to stall construction and building projects across the country. Most lenders who finance these projects require borrowers to have terrorism risk coverage, but in the face of TRIA's looming expiration, that coverage became more difficult and expensive to get, making those projects infeasible. Recognizing these problems early in the year, Senator DODD and Senator BENNETT drafted TRIA extension legislation, which I cosponsored.

Mr. President, although slightly different from the bill that Senator DODD introduced earlier this Congress, and that I and other Democrats cosponsored, the legislation that passed out of the committee yesterday essentially maintains the structure of TRIA and extends the program through the end of 2007. I am disappointed that group life insurance will not be covered under the program and that other lines originally covered have been excluded. But my colleagues, Senators DODD, SARBANES, SHELBY, and BENNETT, worked closely with others on the Banking Committee to construct a product that all of us in the Senate should be able to support. I am hopeful the Senate action on this bill today will break the logjam over this legislation so it can be signed into law before the Congress adjourns this year.

Mr. DODD. Mr. President, I rise to lend my strong support for S. 467, the Terrorism Risk Insurance Extension

Act of 2005, which I originally introduced with Senator BENNETT and 34 cosponsors earlier this year. Our legislation was amended in committee with the hard work and leadership of Banking Committee Chairman SHELBY and Ranking Member SARBANES to develop the product before the Senate today.

I would like to commend the members on the Banking Committee: Senators JOHNSON, REED, SCHUMER, BAYH, CARPER, STABENOW, CORZINE, HAGEL, BUNNING, and DOLE as well as the other cosponsors of the legislation for recognizing—very early on—how important extending the Terrorism Risk Insurance Act, TRIA, was to our Nation's economy and for their efforts on this legislation.

I would especially like to commend Chairman SHELBY for his work on this legislation. This is not the bill I would have written, nor is it the bill that he would have written. For example, it was my hope that we could have included group life as a covered line in this legislation. However, I am acutely aware that the chairman has had concerns about the TRIA program and what the role of the Federal Government should be in this area—and I would like to thank him and his staff for helping to craft a compromise that not only adheres to his principles but also satisfies the concerns of so many Members of this body who believe it is imperative to pass an extension of TRIA.

Like many bills, this legislation is a document of compromise. We have carefully taken into consideration the recommendations of policyholders, insurers, consumers, academics, think-tanks, the Treasury Department and others to craft this important extension legislation.

And I think that this product is very good one.

Let me take a few brief moments to provide my colleagues with a little background on TRIA and why it needs to be extended today.

As a result of the tragic terrorist acts of 9/11, we repeatedly heard from businesses, large and small, from labor unions and manufacturers, from hospitals to hotels, from professional sports teams to utility companies, from insurers and the insured about the need for the Federal Government to act to help them receive financial protection from future terrorist attacks.

Congress listened, and we acted—creating the Terrorism Risk Insurance Act—TRIA.

In November 2002, TRIA was passed by both the House and Senate by significant margins and was signed into law. It created 3-year program establishing a Federal backstop against catastrophic losses in the property and casualty insurance marketplace.

And we heard an overwhelming response from policyholders across the country—TRIA has worked. It has achieved its primary goal—continued availability and affordability of insurance against future terrorist attacks.

Industries as diverse as commercial real estate, shipping, construction, manufacturing, and even “mom and pop” retailers require insurance to obtain credit, loans, and investments necessary for their normal business operations. TRIA was designed to do just that—restore “business as usual” in every State across our Nation.

I believe that the greatest indicator of the success of TRIA is what we have not heard over the past 3 years since the enactment of TRIA public outcry from businesses and workers whose livelihoods are threatened by their inability to purchase coverage against acts of terror.

Construction projects are no longer stalled, mortgages are no longer in doubt, and jobs are no longer in jeopardy as a result of the inability to receive terrorism insurance.

Insurance isn't something we think about every day, yet it is vital to the overall health of our economy. By protecting people and property, goods and services in every sector of America's \$10 trillion-plus economy, insurance provides the stability and certainty required to keep our economic engine humming. Every prospective homeowner needs insurance to obtain a mortgage from a bank. Insurance of all types is a critical component of our capital markets.

Not only has TRIA been effective in ensuring that terrorism is available and affordable, and that our economy remains vibrant, it is also an incredibly important taxpayer protection law. With relatively little money necessary to fund the administration of the TRIA program, we have ensured that insurers and policyholders take the first \$30 to \$40 billion of losses of a potential terrorist attack.

According to a recent study conducted by the RAND Institute, “Based on our analysis (of TRIA), the role of taxpayers is expected to be minimal, unless there is several large events in a single year.”

TRIA has essentially provided that in the unfortunate event of a future terrorist attack a \$30 to \$40 billion check is written to U.S. taxpayers. TRIA has not only worked to help provide available and affordable terrorism risk insurance, it has also protected our Nation's taxpayers.

With the expiration of TRIA in less than 45 days, and this session near completion, it is essential that Congress extend TRIA immediately.

I would like to bring to your attention a letter from 28 Governors across the Nation urging us to extend the TRIA program.

There is one provision in this legislation that I believe is an important component—the mandate for the President's Working Group—our Nation's Federal financial regulators—to do an analysis of the long-term availability and affordability of terrorism risk insurance.

This legislation provides for a 2-year extension of TRIA—and in these next 2

years we need to find a long-term solution to this issue. It may be determined that this is an unwritable risk for the private sector, and that a continued Federal role is needed or we may find that insurers are able to return to underwriting this risk without a Federal backstop. But we need to start work on developing this information and potential solutions as soon as possible.

Since the enactment of TRIA, our Nation has been fortunate enough not to suffer the tremendous loss of life or destruction of property that we endured on September 11, 2001. But by no means has the political climate, either domestically or abroad, returned to a sense of normalcy. We are engaged in a violent conflict in Iraq and we have seen despicable terrorist attacks abroad in Europe and elsewhere.

We have heard repeated dire warnings that terrorism will return to U.S. soil. We must be prepared against this threat. Providing insurance against terrorist attacks, which allows our economy to function, is a critical part of our preparedness.

But we cannot fail to extend TRIA. We cannot afford—and we should do everything in our power to avoid—restoring the tremendous uncertainty and instability to businesses and workers and our economy as a whole.

The enactment of this legislation will ensure that our Nation and its economy are best prepared to deal with a future terrorist attack. I urge the my colleagues to support this legislation.

Mr. REED. Mr. President, the Senate is undertaking a long awaited debate on S. 467, Terrorism Risk Insurance Extension Act of 2005. This bill extends the important program that allows for the Federal Government to share the risk of loss from future terrorist attacks with the insurance industry for 2 more years, to 2007.

As we all know, terrorism remains a clear and present danger. The need for terrorism insurance is real, pressing, and a long-term issue. In the post-9/11 world, it is important to keep the existing TRIA program in place, while continuing to work with the private sector—both policyholders and insurers—to craft a longer term program that addresses all the needs of policyholders.

I want to particularly commend Minority Leader REID, Chairman SHELBY, Senators SARBANES, DODD, BENNETT, and their staffs for their tireless efforts in bringing this issue to the forefront of the Senate's legislative agenda.

The need for terrorism insurance coverage has been widely established as an economic issue, rather than just simply an insurance issue. In the past year, we have heard that many American businesses—policyholders—are already receiving exclusion notices from insurers informing them that they will not be covered on policies beyond TRIA's sunset date. As a result, there has been increasing uncertainty about the availability of adequate terrorism

coverage beyond 2005. Clearly, a Federal backstop is vital to ensuring the ongoing availability of terrorism risk coverage.

The other key reason to act on this issue is the fact that should another catastrophic event occur, the Federal Government will likely be on the hook for the total amount of the damage.

An important aspect of this debate is making certain that terrorism insurance coverage is available in the workers' compensation market. Workers' compensation is unique insurance coverage in that law requires that it cover acts of terrorism and war. For close to a century now, workers' compensation has been a safety net available to all workers and their families, replacing lost wages, and paying for medical needs and death benefits regardless of the cause of the workplace injury or death. A strong workers' compensation system is integral to helping victims and their families rebuild their lives.

In my State of Rhode Island, the burden of providing workers' compensation falls to one mutual insurance company, Beacon Mutual, which was created by the State to ensure that there will always be workers' compensation available to companies in the State. With less availability of reinsurance, the concern for one company conceivably underwriting the entire market for workers' compensation was significant and would have created a very tenuous situation for the company, the State, and its residents. Extending TRIA will address the various problems that employers, insurance companies, and State workers compensation pools alike have had to endure in the absence of a Federal backstop.

I would note, however, that although S. 467 is an improvement on the administration's proposal for the trigger for a terrorist incident—\$50 million in the first year of the extension and \$100 million in the last, down from \$500 million, I remain concerned that because of the concentration of risk and their small capitalization, a higher trigger level for State fund companies put these funds uniquely at risk. A number of terrorist targets could create a result where workers' compensation losses could exceed property losses, but still not reach the proposed higher trigger. As we move towards finding a long-term solution to terrorism insurance coverage, I hope we can work to better address this issue.

There remains a great need to do something because, as it has been stated very plainly during this debate, the situation without a Federal terrorism risk insurance program could be very dire. Extending TRIA is absolutely the right thing to do to protect the economic security of our country. I urge my colleagues to support this bill, and I look forward to its speedy adoption and signature into law.

Mr. SCHUMER. Mr. President, I rise today to express my unwavering support for S. 467, the Terrorism Risk In-

surance Extension Act of 2005, introduced by my friend, Senator DODD of Connecticut.

I would like to commend Senators DODD, BENNETT, SHELBY and SARBANES for getting a bill done that we can all stand here and be proud to support. A bill that is good for this country and good for the State of New York.

We still live in America, and particularly in my city of New York, in the shadow of 9/11, of the terrorism that occurred. Obviously, the thousands of families who have had a loved one taken from their midst live with it every moment of their remaining lives, but the rest of us live with it, too, not only in empathy for them but also in terms of the economic consequences of terrorism.

The bottom line is very simple, and that is, because of terrorism, the insurance industry, in terms of insuring risk of large structures in America—whether it be large buildings that make us so proud of the Manhattan skyline or large arenas such as the football stadiums that dot America or larger facilities such as Disneyland, Disney World, and amusement parks—all have difficulty getting insurance.

Insurers are worried that if, God forbid, another terrorist act occurs, it will be so devastating that it will put them out of business.

So 2 years ago, the Senate, House, and the President got together at sort of the end of the day, just like today, and passed terrorism risk insurance.

It has been a large success. That, no one can dispute.

Insurance rates have come down, terrorism insurance is available, and insurance companies know, if, God forbid, the worst happens, there will be a backstop, and they are willing to issue policies.

In turn, that meant developers, builders who wanted to build new large structures in America, did so, employing thousands and thousands of people, creating profits and new businesses as well.

Well, today we are all here to do the right thing. Yesterday, the Banking Committee, of which I am member, passed unanimously a bill to extend the TRIA. In this bill, we have kept the trigger levels manageable for the policyholder community. We kept the retention levels at a responsible level for the private market, retaining the public/private nature of the program.

The bottom line is that we have made some necessary modifications to the program without losing the major protections. We did not all agree what should have been in the bill. Many of us felt strongly about including group life and protections against nuclear, biological, chemical and radiological attacks. But the beauty of the process is that it is a negotiation where we all give and take.

This bill is a good compromise.

The continuation of this program is vital to our Nation's economic stability. By passing this bill on the floor

today, we will be sending a message to the world that our financial markets will be protected, that our country will be able to bounce back in the event of any disruptions or financial dislocation caused by another possible terrorist attack.

It is still my strong belief that there needs to be a long-term solution—a permanent program. The President has continued to say that we are fighting a war on terrorism.

The bombing in Jordan last week, the London bombings this past July, and the recent threat to the New York subway system are a few examples of why we must continue fighting this war on terrorism.

So it would have been my preference to get a bill that extended beyond 2 years. But I am at least pleased to know that there was a serious effort to address this concern by including a provision to create a commission that would begin to analyze the long-term availability and affordability of insurance for terrorism risk.

I would particularly like to thank Chairman DODD and SHELBY for specifically including the language I requested which directs the President's working group to analyze the long-term affordability and availability of coverage for chemical, nuclear, biological, and radiological events.

This is an issue of great importance to many New Yorkers. Many retailers and business owners in Lower Manhattan are afraid of a possible dirty bombs attack and the availability of insurance for such an event. This must be addressed and right away.

The bottom line is that financial dislocation caused by another possible terrorist attack—God forbid—is too much for our country to risk. I urge the entire Senate to pass this legislation today. It is only right that we let the markets, let the insurance world, and, most of all, let jobs and construction go forth.

Mr. FRIST. Mr. President, very briefly, I want to comment on this bill as well. This is the Terrorism Risk Insurance Extension Act of 2005. We are doing this by unanimous consent which reflects a tremendous amount of work by a range of Senators over the course of the last several months, weeks, days, and especially over the last few hours. This is a bill that has been subjected to a lot of debate, and that debate has culminated in a lot of agreement. I appreciate the great work of Senator SHELBY, Senator DODD, and so many others. The House hopefully will act on terrorism risk insurance shortly. It is a very important bill to our economy.

I ask unanimous consent that the amendment at the desk be agreed to; the committee reported amendment, as amended, be agreed to; the bill, as amended, be read a third time and passed; the motion to reconsider be laid upon the table; and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2600) was agreed to as follows:

Modify section 3(c)(2) of the bill to read as follows:

(2) CONFORMING AMENDMENT.—Section 102(12)(A) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note; 116 Stat. 2326) is amended by striking “surety insurance” and inserting “directors and officers liability insurance”.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The bill (S. 467), as amended, was read the third time and passed.

(The bill will be printed in a future edition of the RECORD.)

#### U.S.S. “CARL VINSON”

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4326, which was received from the House.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4326) to authorize the Secretary of the Navy to enter into a contract for the nuclear refueling and complex overhaul of the U.S.S. Carl Vinson.

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. I ask unanimous consent the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 4326) was read the third time and passed.

#### EXECUTIVE SESSION

##### AGREEMENT WITH CANADA ON PACIFIC HAKE/WHITING

##### CONVENTION STRENGTHENING INTER-AMERICAN TUNA COMMISSION

##### CONVENTION CONCERNING MIGRATORY FISH STOCK IN THE PACIFIC OCEAN

Mr. FRIST. I ask unanimous consent the Senate proceed to executive session to consider the following treaties on today's executive calendar: Nos. 4, 6 and 7. I further ask unanimous consent that the treaties be considered as having passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification; that any committee conditions, declarations, or reservations be agreed to as applicable; that any statements be inserted in the RECORD as if read; and that the Senate take one vote on the resolutions of ratification to be considered as separate votes; further, that when the resolutions of ratification

are voted upon, the motion to reconsider be laid upon the table, the President be notified of the Senate's action; and that following disposition of the treaties the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRIST. I ask for a division vote on the resolutions of ratification.

The PRESIDING OFFICER. A division vote is requested. Senators in favor of the resolutions of ratification please stand and be counted.

Those opposed to the resolutions of ratification please stand and be counted.

On this vote, two-thirds of the Senators present having voted in the affirmative, the resolutions of ratification are agreed to.

The resolutions of ratification agreed to are as follows:

##### AGREEMENT WITH CANADA ON PACIFIC HAKE/ WHITING (TREATY DOC. 108-24)

*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advises and consents to the ratification of the Agreement between the Government of the United States of America and the Government of Canada on Pacific Hake/Whiting, done at Seattle, November 21, 2003 (Treaty Doc. 108-24).

##### CONVENTION STRENGTHENING INTER-AMERICAN TUNA COMMISSION (TREATY DOC. 109-2)

*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advises and consents to the ratification of the Convention for the Strengthening of the Inter-American Tropical Tuna Commission Established by the 1949 Convention Between the United States of America and the Republic of Costa Rica, with Annexes, adopted on June 27, 2003, in Antigua, Guatemala, and signed by the United States on November 14, 2003 (Treaty Doc. 109-2).

##### CONVENTION CONCERNING MIGRATORY FISH STOCK IN THE PACIFIC OCEAN (TREATY DOC. 109-1)

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advises and consents to the ratification of the Convention on the Conservation and Management of the Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, with Annexes, adopted at Honolulu on September 5, 2000, by the Multilateral High Level Conference on the Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, and signed by the United States on that date (Treaty Doc. 109-1).

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will return to legislative session.

#### ORDERS FOR FRIDAY, NOVEMBER 18, 2005

Mr. FRIST. I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9 a.m. on Friday, November 18. I further ask unanimous consent that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, and the time for the two leaders be reserved.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PROGRAM

Mr. FRIST. Mr. President, tomorrow morning after we convene, we will immediately proceed to the continuing resolution. Senator HARKIN will have an amendment which will require a vote. Therefore, Senators should expect a couple votes early in the morning. Those votes will occur at approximately 9:30 in the morning.

Following those votes, we expect to have a better idea of what additional business will be available on Friday. There are a couple of appropriations conference reports that will likely be available, the PATRIOT conference report, the House message on the spending reconciliation bill, as well as other legislative and executive items we are trying to clear. Therefore, additional votes may occur and will occur, and we will try to clarify Friday's schedule as early as possible.

I remind everyone that a weekend session is expected and Senators should remain available Friday and Saturday and beyond until we finish our remaining work. I will have to say, starting now about 3 weeks ago we set out a very aggressive agenda, and to date we have stayed right on target to accomplish that agenda. The House is in session right now and is voting actually right now, and I understand they will be conducting more business tonight and in the morning that we will have to act on after they act on much of the legislation they are considering. So it will be a full day tomorrow. I expect to have a number of votes over the course of tomorrow. And again, as we have said for the last 3 weeks, it will be important for our colleagues to keep their schedules flexible through tomorrow and Saturday, Sunday, and possibly beyond that.

#### ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 12:58 p.m., adjourned until Friday, November 18, 2005 at 9 a.m.

#### NOMINATIONS

Executive nominations received by the Senate November 17, 2005.

##### TENNESSEE VALLEY AUTHORITY

DENNIS BOTTORFF, OF TENNESSEE, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY FOR A TERM EXPIRING MAY 18, 2011. (NEW POSITION)

ROBERT M. DUNCAN, OF KENTUCKY, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY FOR A TERM EXPIRING MAY 18, 2011. (NEW POSITION)

WILLIAM B. SANSOM, OF TENNESSEE, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY FOR A TERM EXPIRING MAY 18, 2009. (NEW POSITION)

HOWARD A. THRAILKILL, OF ALABAMA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY FOR A TERM EXPIRING MAY 18, 2007. (NEW POSITION)

SUSAN RICHARDSON WILLIAMS, OF TENNESSEE, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY FOR A TERM EXPIRING MAY 18, 2007. (NEW POSITION)